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May 31, 2002

Honorable Felix J. Boudreaux
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Hosston A and B Zones, Reservoir A, ADA FIELD,
Bienville Parish, Louisiana.

Dear Sir:

KELLEY OPERATING COMPANY, LTD. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the Hosston A Zone, Reservoir A, and to the Hosston B Zone, Reservoir A, in the Ada Field, Bienville Parish, Louisiana:

1. To authorize Applicant to drill, designate and utilize two (2) additional alternate unit wells for HOSS A RA SUI and for HOSS B RA SUI at the locations shown on attached plats, in exception to the well location provisions of Office of Conservation Order No. 99-M-1, effective October 1, 1973.
2. To find that each of the proposed wells is necessary to efficiently and economically drain a portion of the Hosston A Zone, Reservoir A, and the Hosston B Zone, Reservoir A, underlying these units which cannot be efficiently and economically drained by any existing well within the units.
3. To discuss such other matters as may be pertinent to this application.

The Hosston A Zone, Reservoir A, in Ada Field, Webster and Bienville Parishes, Louisiana, is defined in Office of Conservation Order Nos. 99-M-1, effective October 1, 1973, and 99-M-30, effective January 13, 1988. The Hosston B Zone, Reservoir A, in Ada Field, Webster and Bienville Parishes, Louisiana, is defined in Office of Conservation Order Nos. 99-M-1, effective October 1, 1973, and 99-M-31, effective January 13, 1988.

Pertinent data concerning this application is available for inspection at the offices of Mr. Joe B. Adams, 4520 Jamestown Avenue, Suite 6, Baton Rouge, Louisiana 70808. Any person

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wishing to inspect such data should call Mr. Adams at (225) 929-6097 during normal business hours in order to arrange a date and time for such inspection. A copy of any such data which is not otherwise available at the Office of Conservation can be obtained from Applicant at the expense of the requesting party.

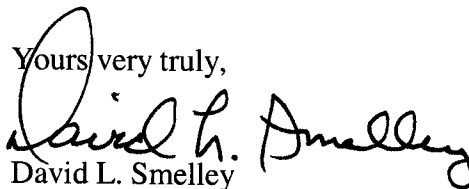
As provided by the Revised Rules of Procedure, the subject matter of this application does not require the issuance of a pre-application notice; therefore, no such notice has been issued.

Pursuant to the aforesaid Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of this letter, and of the attached plats, is being sent to the District Manager of the Shreveport District of the Office of Conservation and to the Interested Owners, Represented Parties and Interested Parties, as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and the enclosed plats, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Ada Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

A check payable to the Office of Conservation and covering the application fee is enclosed.

Yours very truly,



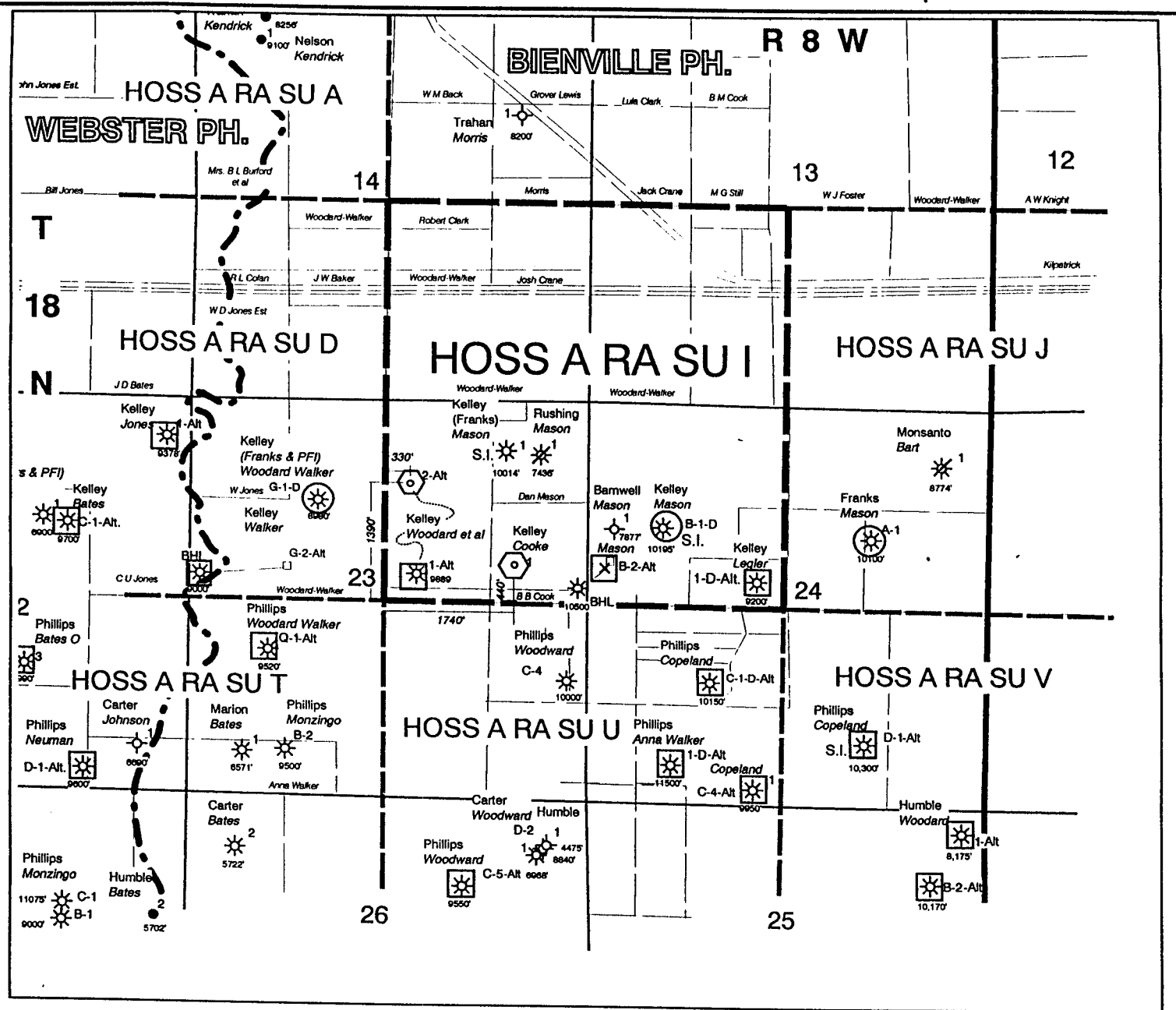
David L. Smelley

-- Attorney for Kelley Operating Company, Ltd.

DLS:dp

Enclosures

cc: Mr. Jim Broussard (w/encls.)
Mr. Dennis Ritter (w/encls.)
Mr. Joe Adams (w/encls.)
Ms. Kaye Davis (w/encls.)
Interested Owners, Represented
Parties and Interested Parties (w/plats only)



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SCALE IN 1000 FEET

